

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Township of Vevay	County* INGHAM	Type* TOWNSHIP	MuniCode* 33-1-130
Opinion Date-Use Calendar* Sep 26, 2008	Audit Submitted-Use Calendar* Sep 30, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$ 565,699.00
General Fund Expenditure:	<input type="checkbox"/> \$ 584,122.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 532,852.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Vickie	Last Name* Crouch	Ten Digit License Number* 1101013436		
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CPA Firm Name* Layton & Richardson, P.C.	Unit's Street Address* 780 South Eden Road	Unit's City* Mason	Unit's Zip* 48854	

**Township of Vevay
Ingham County, Michigan**

FINANCIAL STATEMENTS

March 31, 2008

Township of Vevay
Ingham County, Michigan
March 31, 2008
BOARD OF TRUSTEES

Ronald Weesies

Supervisor

Susan Kosier

Clerk

Linda Diamond

Treasurer

Douglas Shaw

Trustee

Dale Ruttan

Trustee

Township of Vevay
Ingham County, Michigan
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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Township Board
Township of Vevay
Mason, Michigan

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East Lansing, MI 48823

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We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Vevay as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Township of Vevay. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Vevay as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statement but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Vevay's financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Layton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
September 26, 2008

Township of Vevay
Management's Discussion and Analysis
March 31, 2008

The following is a discussion and analysis of the Township of Vevay (the Township's) financial performance and position, providing an overview of the activities for the year ended March 31, 2008. This analysis should be read in conjunction with the Independent Auditors Report and with the Township's financial statements, which follow this section.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2008:

- The Township reports \$798,226 as net assets of governmental activities, \$597,573 of which is unrestricted and available for future use.
- The Township continues to be debt free as of March 31, 2008.
- The fund balance of the Township's General Fund decreased by \$18,423.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township of Vevay as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of the Township of Vevay in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

The Township as a Whole

The following table shows, in a condensed format, the net assets of the primary government as of March 31, 2007 and March 31, 2008.

	Years Ended March 31,	
	<u>2007</u>	<u>2008</u>
Assets		
Current assets	\$ 642,803	\$ 641,873
Capital assets	<u>189,152</u>	<u>200,653</u>
Total assets	831,955	842,526
Liabilities		
Current liabilities	<u>28,064</u>	<u>44,300</u>
Net Assets		
Invested in capital assets	189,152	200,653
Unrestricted	<u>614,739</u>	<u>597,573</u>
Total net assets	<u>\$ 803,891</u>	<u>\$ 798,226</u>

The Township's total net assets were \$759,675 at March 31, 2008. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) were \$559,022 at the end of the fiscal year. The net assets invested in capital assets were \$200,653.

Township of Vevay
Management's Discussion and Analysis
March 31, 2008

The following table shows the changes in net assets of the primary government during the year ended March 31, 2007 and March 31, 2008.

	Years Ended March 31,	
	<u>2007</u>	<u>2008</u>
Revenue		
Program revenue:		
Charges for services	\$ 75,186	\$ 51,915
Capital grants and contributions	14,539	11,985
General revenues:		
Property taxes	206,271	222,705
State shared revenue	246,587	248,645
Investment earnings	16,407	20,153
Other	<u>5,271</u>	<u>7,026</u>
Total revenue	564,261	562,429
Program Expenses		
General government	350,432	324,812
Public safety	101,008	102,308
Public works	51,516	69,666
Community and economic development	52,415	78,844
Other	<u>-</u>	<u>-</u>
Total program expenses	<u>555,371</u>	<u>575,630</u>
Change in Net Assets	<u>\$ 8,890</u>	<u>\$ (13,201)</u>

Governmental Activities

The Township's governmental revenues totaled \$562,429 with the greatest revenue source being state shared revenue, making up approximately 45 percent of total revenues. Property taxes make up approximately 40 percent of total governmental revenue. Over the past year, state shared revenue and interest income have both increased.

The Township incurred expenses of \$575,630 during the year. The majority of expenses are associated with the general government and public safety functions, which includes various general governmental activities, fire protection and building, zoning, and planning activities.

The Township's Funds

The analysis of the Township's major fund begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the General Fund, not the Township of Vevay as a whole. The Township of Vevay's Board of Trustees creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millages.

The General Fund pays for most of the Township's governmental services. The most significant services provided during the fiscal year were general governmental activities of \$246,120, and public safety related activities, which incurred expenditures of \$82,841 for the fiscal year. These activities are funded primarily through property taxes and State shared revenues.

Township of Vevay
Management's Discussion and Analysis
March 31, 2008

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budget amendments were made to cover some minor changes in expenditures. However, because overall the Township came in under budget at year-end, there was an overall favorable variance of approximately \$139,419 from budget. This was mainly due to positive budget variances in several revenue line items and almost \$40,018 less in contracted services expended during 2007/08.

Capital Assets

At the end of the fiscal year, the Township had \$381,510 invested in capital assets, including the Township hall and grounds, and various machinery and equipment. There was \$180,857 in accumulated depreciation on these assets with a resulting investment in capital assets (net book value) of \$200,653. There were additions to capital assets in the current year of \$24,907 in various areas as detailed in Note C of the financial statements.

Current Economic Factors

Revenue sharing is the most significant budgetary concern at this time. The State of Michigan is experiencing significant budget problems, and as they look for solutions, revenue sharing is expected to continue to decline in 2008/09. This should mean reductions in revenue sharing and examinations of other possible revenue sources for the Township of Vevay for 2008/09.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk or Treasurer at the Township Hall at (517) 676-9523.

BASIC FINANCIAL STATEMENTS

Township of Vevay
STATEMENT OF NET ASSETS
March 31, 2008

	Primary Government Governmental Activities	Component Unit (DDA)
ASSETS		
Current assets		
Cash	\$ 269,850	\$ 381,118
Investments	331,855	-
Receivables	31,670	-
Due from other governmental units	8,498	-
Total current assets	641,873	381,118
Noncurrent assets		
Capital assets not being depreciated	22,500	-
Capital assets, net of accumulated depreciation	178,153	-
Total noncurrent assets	200,653	-0-
TOTAL ASSETS	842,526	381,118
LIABILITIES		
Current liabilities		
Accounts payable	27,673	-
Accrued liabilities	16,627	-
TOTAL LIABILITIES	44,300	-0-
NET ASSETS		
Invested in capital assets	200,653	-
Unrestricted	597,573	381,118
TOTAL NET ASSETS	\$ 798,226	\$ 381,118

See accompanying notes to financial statements.

Township of Vevay

STATEMENT OF ACTIVITIES

Year Ended March 31, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Capital Grants and Contributions	Primary	Component Unit
				Governmental Activities	
Primary government					
Governmental activities					
General government	\$ 324,812	\$ 30,605	\$ -	\$ (294,207)	\$ -
Public safety	102,308	10,006	-	(92,302)	-
Public works	69,666	10,554	11,985	(47,127)	-
Community and economic development	78,844	750	-	(78,094)	-
Total primary government	<u>\$ 575,630</u>	<u>\$ 51,915</u>	<u>\$ 11,985</u>	(511,730)	-0-
Component unit					
Downtown Development Authority	<u>\$ 32,105</u>	<u>\$ -</u>	<u>\$ -</u>	-	(32,105)
General revenues					
Property taxes				222,705	54,954
State shared revenues				248,645	-
Investment earnings				20,153	357
Miscellaneous				7,026	-
Total general revenues				<u>498,529</u>	<u>55,311</u>
Change in net assets				(13,201)	23,206
Restated net assets, beginning of the year				<u>811,427</u>	<u>357,912</u>
Net assets, end of the year				<u>\$ 798,226</u>	<u>\$ 381,118</u>

See accompanying notes to financial statements.

Township of Vevay

GOVERNMENTAL FUNDS BALANCE SHEET

March 31, 2008

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 261,807	\$ 8,043	\$ 269,850
Investments	301,002	30,853	331,855
Receivables			
Accounts	502	10	512
Special assessments	26,331	2,948	29,279
Interest	1,469	410	1,879
Due from other governmental units	8,498	-	8,498
TOTAL ASSETS	<u>\$ 599,609</u>	<u>\$ 42,264</u>	<u>\$ 641,873</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 27,673	\$ -	\$ 27,673
Accrued liabilities	16,627	-	16,627
Deferred revenue	22,457	3,142	25,599
TOTAL LIABILITIES	66,757	3,142	69,899
FUND BALANCES			
Unreserved			
Undesignated, reported in			
General fund	532,852	-	532,852
Special revenue funds	-	39,122	39,122
TOTAL FUND BALANCES	<u>532,852</u>	<u>39,122</u>	<u>571,974</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 599,609</u>	<u>\$ 42,264</u>	<u>\$ 641,873</u>

See accompanying notes to financial statements.

Township of Vevay

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

March 31, 2008

Total fund balance - governmental funds **\$ 571,974**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 381,510	
Accumulated depreciation is	<u>(180,857)</u>	
Capital assets, net		200,653

Long-term receivables are not available to pay for current period expenditures
and are therefore deferred in the funds. These consist of:

Deferred revenue	<u>25,599</u>
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Net assets of governmental activities **\$ 798,226**

See accompanying notes to financial statements.

Township of Vevay

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2008

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 234,844	\$ -	\$ 234,844
Licenses and permits	24,174	-	24,174
Intergovernmental	248,645	-	248,645
Charges for services	13,246	3,200	16,446
Interest and rents	17,635	1,623	19,258
Special assessments	20,077	2,614	22,691
Other	7,078	-	7,078
TOTAL REVENUES	565,699	7,437	573,136
EXPENDITURES			
Current			
General government	246,120	395	246,515
Public safety	82,841	-	82,841
Public works	53,796	2,614	56,410
Community and economic development	63,842	-	63,842
Other	105,654	-	105,654
Capital outlay	31,869	-	31,869
TOTAL EXPENDITURES	584,122	3,009	587,131
NET CHANGE IN FUND BALANCES	(18,423)	4,428	(13,995)
Prior period adjustments	11,313	(3,777)	7,536
Fund balances, beginning of year	539,962	38,471	578,433
Fund balances, end of year	\$ 532,852	\$ 39,122	\$ 571,974

See accompanying notes to financial statements.

Township of Vevay

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2008

Net change in fund balances - total governmental funds **\$ (13,995)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$	24,907	
Depreciation expense		<u>(13,406)</u>	
Excess of depreciation expense over capital outlay			11,501

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

(Decrease) in deferred revenue		<u>(10,707)</u>
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Change in net assets of governmental activities		<u><u>\$ (13,201)</u></u>
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See accompanying notes to financial statements.

Township of Vevay

Fiduciary Fund

STATEMENT OF NET ASSETS

March 31, 2008

	<u>Agency Fund</u>
	<u>Current Tax Collection</u>
ASSETS	
Cash	<u>\$ 56,869</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Due to individuals and agencies	<u>\$ 56,869</u>

See accompanying notes to financial statements.

Township of Vevay
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Township of Vevay, Michigan was organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Ingham County. The Township operates under an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and two trustees and provides services in many areas including fire protection, roads, and planning service.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing* No. 5; these financial statements present all financial activities of the Township of Vevay (primary government) and its component unit (Downtown Development Authority). The component unit described in Section 2 below is included in the Township's reporting entity because of the significance of the operational and financial relationship with the Township and is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

Based upon the application of these criteria, the financial statements of the Township of Vevay contain all the funds controlled by the Township Board.

2. Discretely Presented Component Unit

The component unit is reported in a separate column to emphasize that, while legally separate, the Township of Vevay remains financially accountable for this entity.

The governing body of the Downtown Development Authority is a nine (9) member board appointed by the Township Board. The Authority's budget is subject to the approval of the Township Board, and the Township temporarily relinquishes part of its tax base to the Authority (tax increment revenues).

3. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component unit as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component unit and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

The major fund of the Township is the General Fund. It is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

5. Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

6. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental and similar trust funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

7. Budgets and Budgetary Accounting

The General and Special Revenue Funds budgets shown in the financial statements were prepared on a basis not substantially different than the basis used to reflect actual results.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Supervisor submits to the Township Board the proposed operating budgets for the fiscal year commencing the following April 1. The operating budgets include proposed expenditures and resources to finance them.

Township of Vevay
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Budgets and Budgetary Accounting - continued

- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to April 1, the budget is legally adopted with passage by Board vote.
- d. The budget is legally adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds; however, they are maintained at the account level for control purposes.
- e. The Township does not employ encumbrance accounting as an extension of formal budgetary integration. Appropriations unused at March 31 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or as amended by the Township Board during the year. Individual amendments were not material to the originally adopted budget.

8. Cash and Investments

Cash consists of checking and money market savings accounts.

Investments consist of certificates of deposit with an original maturity of greater than 90 days. Investments are recorded at market value in accordance with the implementation of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

9. Receivables

Receivables consist of amounts due from various individuals and businesses related to charges for services.

10. Due From Other Governmental Units

Due from other governmental units consists of amounts due from local units of government for property taxes collected that are still owed to the Township.

11. Property Tax

The Township of Vevay bills and collects both its own property tax levy and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

The property taxes attach as an enforceable lien on property as of December 1. Taxes are levied December 1 and are payable through February 14. All property taxes not paid by February 14 are deemed delinquent. Delinquent real property taxes are turned over to the Ingham County Treasurer on March 1. The Ingham County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection. Property taxes are recognized as revenues in the period for which they are levied.

The Township is permitted to levy up to \$1 per \$1,000 of assessed valuation for general governmental service and additional amounts for debt service. For the year ended March 31, 2008, the Township levied .9161 mills per \$1,000 of assessed valuation for general governmental services. The total taxable value for the 2007 levy for property within the Township was \$120,155,235. The Township also receives property tax revenue as a result of Public Act 425 Agreements with the City of Mason. For the year ended March 31, 2008, the Township received \$48,896 from these agreements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	40 years
Machinery, equipment, and furniture	5 - 15 years
Land improvements	40 years

13. Comparative Data

Comparative data for the prior year has not been presented in all funds in the accompanying financial statements since their inclusion would make the financial statements unduly complex and difficult to read.

NOTE B: CASH AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Township of Vevay

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE B: CASH AND INVESTMENTS - CONTINUED

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

As of March 31, 2008, the carrying amounts and bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking	\$ 235,195	\$ 296,469
Savings	34,455	34,455
Certificates of deposit	<u>331,855</u>	<u>331,855</u>
Total primary government	601,505	662,779
FIDUCIARY FUND		
Checking	56,869	56,869
COMPONENT UNIT		
Checking	<u>381,118</u>	<u>325,326</u>
TOTAL REPORTING ENTITY	<u>\$ 1,039,492</u>	<u>\$ 1,044,974</u>

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of March 31, 2008, the Township accounts were insured by the FDIC for \$504,173, and the amount of \$540,801 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash increased significantly. As a result, the amount of uninsured and uncollateralized cash was substantially higher at these peak periods than at year-end.

The cash and investments referred to above have been reported in either the cash or investments captions on the statement of net assets and the balance sheet based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of March 31, 2008:

	<u>Governmental Activities</u>	<u>Fiduciary Fund</u>	<u>Component Unit</u>	<u>Total</u>
Cash	\$ 269,850	\$ 56,869	\$ 381,118	\$ 707,837
Investments	<u>331,855</u>	<u>-</u>	<u>-</u>	<u>331,855</u>
	<u>\$ 601,705</u>	<u>\$ 56,869</u>	<u>\$ 381,118</u>	<u>\$ 1,039,692</u>

The cash captions in the basic financial statements include \$200 in petty cash.

Township of Vevay
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of March 31, 2008, the Township did not have any investments that would be subject to rating.

Interest rate risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Concentration of credit risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by designing its portfolio so that the investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2008 was as follows:

	<u>Balance</u> <u>April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2008</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 22,500	\$ -	\$ -	\$ 22,500
Capital assets being depreciated				
Land improvements	27,340	-	-	27,340
Buildings and improvements	247,198	20,851	-	268,049
Machinery and equipment	<u>59,565</u>	<u>4,056</u>	<u>-</u>	<u>63,621</u>
Total capital assets being depreciated	334,103	24,907	-0-	359,010
Less accumulated depreciation for:				
Land improvements	(1,026)	(683)	-	(1,709)
Buildings and improvements	(132,282)	(6,920)	-	(139,202)
Machinery and equipment	<u>(34,143)</u>	<u>(5,803)</u>	<u>-</u>	<u>(39,946)</u>
Total accumulated depreciation	<u>(167,451)</u>	<u>(13,406)</u>	<u>-0-</u>	<u>(180,857)</u>
Net capital assets being depreciated	<u>166,652</u>	<u>11,501</u>	<u>-0-</u>	<u>178,153</u>
Net capital assets	<u>\$ 189,152</u>	<u>\$ 11,501</u>	<u>\$ -0-</u>	<u>\$ 200,653</u>

Depreciation expense was charged to the following governmental activities:

General government	<u>\$ 13,406</u>
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Township of Vevay

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE D: RISK MANAGEMENT

The Township participates in a pool, the Michigan Township Participating Plan with other municipalities for various risks of loss including liability, public officials' wrongful acts, equipment, valuable papers, boiler and machinery, bonding, crime, and property losses. The pool is organized under Public Act 138 of 1982, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to a special assessment to make up the deficiency. The Township has not been informed of any special assessments being required.

The Township also maintains commercial insurance coverage for workers' compensation.

NOTE E: RETIREMENT PLAN

Plan Description

The Township participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible full-time employees of the Township. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees requires a contribution from the Township of 10.00% of gross wages for all covered employees.

Annual Pension Cost

For year ended March 31, 2008 the Township's annual pension cost of \$13,495 for the plan was equal to the Township's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry actual age cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation and increase of 0.00% to 8.40% attributable to merit and longevity (c) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of thirty years.

Three (3) year trend information

	Year Ended December 31,		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Actuarial value of assets	\$ 141,828	\$ 197,104	\$ 247,483
Actuarial accrued liability (AAL) (entry age)	272,076	316,209	342,378
Unfunded AAL	130,248	119,105	94,895
Funded ratio	52 %	62 %	72 %
Covered payroll	121,313	125,499	130,597
UAAL as a percentage of covered payroll	107 %	95 %	73 %

Township of Vevay
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE E: RETIREMENT PLAN - CONTINUED

Three (3) year trend information - continued

	<u>2006</u>	Year Ended March 31, <u>2007</u>	<u>2008</u>
Annual pension cost	\$ 12,213	\$ 12,652	\$ 13,495
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

This trend information was obtained from the MERS actuarial report as of December 31, 2007.

NOTE F: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Section 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's budgeted expenditures in the General and Special Revenue Funds have been shown at the functional classification level. The approved budgets of the Township have been adopted at the activity level.

During the year ended March 31, 2008, the Township incurred expenditures in the General Fund and Special Revenue funds in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
General government			
Township board	\$ 22,400	\$ 27,172	\$ 4,772
Supervisor	27,600	32,703	5,103
General administration	1,900	42,552	40,652
Elections	-	2,163	2,163
Community and economic development			
Zoning commission	1,800	3,464	1,664
Planning commission	32,900	60,378	27,478
Public works			
Highways	32,000	37,926	5,926
Sanitation	5,800	6,396	596
Drains	4,300	9,474	5,174
Other			
Health and life insurance	25,500	28,399	2,899
Capital outlay	17,000	31,869	14,869

Township of Vevay

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE G: PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments were made during the current period, which was a result of corrections of accounting errors. These adjustments were reported as changes to beginning fund balance. The effect on operations and other affected balances for the current year and prior period are as follows:

	December 31,		
	<u>2007</u>	<u>2006</u>	
General Fund			
Due to other governmental units	\$ -	\$(11,313)	To correct overstated liability
Fund balance - beginning	11,313	-	
Nonmajor governmental funds			
Deferred revenue	-	(3,777)	To correct understated
Fund balance - beginning	(3,777)	-	deferred revenue

Based on the above prior period adjustments, the beginning net assets were increased by \$7,536 in the governmental activities.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Vevay

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes				
Current property taxes	\$ 139,000	\$ 139,000	\$ 162,626	\$ 23,626
Delinquent property taxes	12,000	12,000	9,553	(2,447)
Penalties and interest	5,800	5,800	12,139	6,339
Trailer park taxes	1,400	1,400	2,523	1,123
Administration fees	40,000	40,000	48,003	8,003
Total taxes	198,200	198,200	234,844	36,644
Licenses and permits				
Building/zoning permits	8,500	8,500	9,094	594
Sewer connection fees	100	100	-	(100)
Special use permits	500	500	1,460	960
Cable television franchise fees	7,500	7,500	8,652	1,152
Miscellaneous fees and permits	5,700	5,700	4,968	(732)
Total licenses and permits	22,300	22,300	24,174	1,874
Intergovernmental				
State shared revenue	203,500	203,500	248,645	45,145
Charges for services				
Land division fees	500	500	200	(300)
Board of appeals fees	1,500	1,500	1,500	-0-
Tax collection fees	4,000	4,000	-	(4,000)
Rezoning fees	500	500	500	-0-
Cemetery lots and grave openings	2,500	2,500	400	(2,100)
Fire runs	15,000	15,000	10,006	(4,994)
Miscellaneous	2,300	2,300	640	(1,660)
Total charges for services	26,300	26,300	13,246	(13,054)
Interest and rents				
Interest	8,500	8,500	10,335	1,835
Rentals	10,000	10,000	7,300	(2,700)
Total interest and rents	18,500	18,500	17,635	(865)
Special assessments				
Current special assessment	12,000	12,000	15,946	3,946
Delinquent special assessment	-	-	4,131	4,131
Total special assessments	12,000	12,000	20,077	8,077

Township of Vevay

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES - CONTINUED				
Other				
Miscellaneous	\$ 1,500	\$ 1,500	\$ 1,886	\$ 386
Reimbursements	2,275	2,275	5,192	2,917
Total other	3,775	3,775	7,078	3,303
TOTAL REVENUES	484,575	484,575	565,699	81,124
EXPENDITURES				
Current				
General government				
Township board	22,400	22,400	27,172	(4,772)
Supervisor	27,600	27,600	32,703	(5,103)
Clerk	42,600	42,600	42,428	172
Treasurer	37,225	37,225	34,763	2,462
Assessor	33,600	33,600	30,848	2,752
Township hall	34,300	34,300	32,481	1,819
General administration	1,900	1,900	42,552	(40,652)
Board of review	1,450	1,450	528	922
Cemetery	500	500	482	18
Elections	-	-	2,163	(2,163)
Total general government	201,575	201,575	246,120	(44,545)
Public safety				
Fire department	76,500	76,500	74,436	2,064
Police department	6,500	6,500	500	6,000
Building inspector	10,000	10,000	7,905	2,095
Total public safety	93,000	93,000	82,841	10,159
Community and economic development				
Zoning commission	1,800	1,800	3,464	(1,664)
Planning commission	32,900	32,900	60,378	(27,478)
Total community and economic development	34,700	34,700	63,842	(29,142)
Public works				
Highways	-	32,000	37,926	(5,926)
Sanitation	5,800	5,800	6,396	(596)
Drains	4,300	4,300	9,474	(5,174)
Total public works	10,100	42,100	53,796	(11,696)

Township of Vevay

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES - CONTINUED				
Current - continued				
Other				
Pension contributions	\$ 45,000	\$ 45,000	\$ 23,027	\$ 21,973
Social security	13,000	13,000	12,289	711
Contracted services	44,600	44,600	14,297	30,303
Insurance	32,000	32,000	27,034	4,966
Health and life insurance	25,500	25,500	28,399	(2,899)
Miscellaneous	1,100	1,100	608	492
Total other	161,200	161,200	105,654	55,546
Capital outlay	17,000	17,000	31,869	(14,869)
TOTAL EXPENDITURES	517,575	549,575	584,122	(34,547)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(33,000)	(65,000)	(18,423)	46,577
OTHER FINANCING (USES)				
Transfers out	(2,000)	(2,000)	-	2,000
NET CHANGE IN FUND BALANCE	(35,000)	(67,000)	(18,423)	48,577
Prior period adjustment	-	-	11,313	11,313
Fund balance, beginning of year	539,962	539,962	539,962	-0-
Fund balance, end of year	\$ 504,962	\$ 472,962	\$ 532,852	\$ 59,890

Township of Vevay

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES - CONSTRUCTION CODE

Year Ended March 31, 2008

REVENUES

Licenses and permits

Building and zoning permits \$ 9,094

EXPENDITURES

Public safety

Building inspector 7,905

Community and economic development

Planning and zoning commissions 63,842

Total construction code expenditures 71,747

Excess of revenues (under) expenditures \$ (62,653)

Township of Vevay

Nonmajor Governmental Funds

COMBINING BALANCE SHEET

March 31, 2008

	Special Revenue		
	Eden Street Lighting	Lone Oak Street Lighting	Bullen Estates Street Lighting
ASSETS			
Cash	\$ 90	\$ -	\$ 104
Investments	-	-	-
Receivable			
Accounts	828	1,280	840
Interest	-	-	-
TOTAL ASSETS	<u>\$ 918</u>	<u>\$ 1,280</u>	<u>\$ 944</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Deferred revenue	\$ 918	\$ 1,280	\$ 944
FUND BALANCES			
Unreserved - undesignated	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 918</u>	<u>\$ 1,280</u>	<u>\$ 944</u>

<u>Funds</u>	
<u>Hawley Cemetery</u>	<u>Total</u>
\$ 7,849	\$ 8,043
30,853	30,853
10	2,958
410	410
<u>\$ 39,122</u>	<u>\$ 42,264</u>
\$ -	\$ 3,142
<u>39,122</u>	<u>39,122</u>
<u>\$ 39,122</u>	<u>\$ 42,264</u>

Township of Vevay

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

Year Ended March 31, 2008

	Special Revenue		
	Eden Street Lighting	Lone Oak Street Lighting	Bullen Estates Street Lighting
REVENUES			
Charges for services	\$ -	\$ -	\$ -
Interest and rents	-	-	-
Special assessments	600	910	1,104
TOTAL REVENUES	600	910	1,104
EXPENDITURES			
Current			
General government	-	-	-
Public works	600	910	1,104
TOTAL EXPENDITURES	600	910	1,104
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-
Prior period adjustments	(993)	(1,337)	(1,447)
Fund balances, beginning of year	993	1,337	1,447
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-

<u>Funds</u>			
	<u>Hawley Cemetery</u>		<u>Total</u>
\$	3,200	\$	3,200
	1,623		1,623
	-		2,614
	<u>4,823</u>		<u>7,437</u>
	395		395
	-		2,614
	<u>395</u>		<u>3,009</u>
	4,428		4,428
	-		(3,777)
	<u>34,694</u>		<u>38,471</u>
\$	<u>39,122</u>	\$	<u>39,122</u>

Township of Vevay

Component Unit

BALANCE SHEET

March 31, 2008

	Downtown Development Authority
ASSETS	
Cash	\$ 381,118
LIABILITIES AND FUND BALANCE	
LIABILITIES	\$ -
FUND BALANCE	
Unreserved - undesignated	381,118
TOTAL LIABILITIES AND FUND BALANCE	\$ 381,118

Note: Reconciliation of the component unit governmental fund balance sheet to the statement of net assets for the component unit is not required as the component unit fund balance were equal to the component unit net assets as of March 31, 2008.

Township of Vevay

Component Unit

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

Year Ended March 31, 2008

	Downtown Development Authority
REVENUES	
Taxes	\$ 54,954
Interest	<u>357</u>
TOTAL REVENUES	55,311
EXPENDITURES	
Community and economic development	<u>32,105</u>
NET CHANGE IN FUND BALANCE	23,206
Fund balance, beginning of year	<u>357,912</u>
Fund balance, end of year	<u><u>\$ 381,118</u></u>

Note: Reconciliations of the statement of revenues, expenditures, and change in fund balance of the component unit governmental fund to the statement of activities for the component unit is not required as the net change in fund balance of the component unit governmental fund was equal to the change in net assets of the component unit for the year ended March 31, 2008.



Layton & Richardson, P.C.

Certified Public Accountants

To the Township Board
Township of Vevay
Mason, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Vevay as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated September 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Vevay's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control over financial reporting, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

We consider the following deficiency to be a significant deficiency in internal control over financial reporting:

Finding:

2008-1 – Accounting Policies

As part of our audit procedures, we are now required to obtain an understanding of internal control of the Township. Part of the internal control process is the communication of information, including the communication of how internal controls are designed and operating. During our audit planning procedures, we noted that documentation of internal control policies and procedures was incomplete. We recommend that the Township completely document and disseminate all internal control policies and procedures in one document. This ensures that all employees understand what their responsibilities in internal control are. In addition, it ensures continuity of internal control procedures in the unfortunate event of employee turnover or unexpected absence. Documentation should not only indicate the flow of documents, but also what internal control procedures are performed by each employee and what documentation is required to indicate a procedure was completed. The monitoring process should also be documented in the procedures manual, including who is responsible for monitoring, the minimum monitoring which must be done, and what documentation is required to indicate monitoring was performed.

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A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the deficiency identified above as 2008-1 to be a material weakness in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed the following instance of noncompliance.

Findings:

2008-2 – Expenditures in Excess of Appropriations

During the course of our audit, we noted instances where expenditures were incurred in excess of amounts appropriated. This issue was noted in the General Fund. Michigan Public Act 621 of 1978, as amended, provides that the Board shall adopt formal budgets for the General and all Special Revenue funds and shall not incur expenditures in excess of the amounts appropriated. The budget must include all anticipated expenditures and the related revenue and fund equity to fund these expenditures. We recommend the Township Board monitor adopted budgets against actual expenditures and make adjustments as appropriate throughout the year.

This communication is intended solely for the information and use of management, the Township Board and others within the Township, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

September 26, 2008
East Lansing, Michigan